

Ontario Energy Board Staff Questions
IRM 2021 Update – EPCOR Natural Gas LP- Aylmer
EB-2020-0234

November 20, 2020

*Please note responses to OEB staff questions, including supporting documentation, must not include personal information unless filed in accordance with rule 9A of the OEB's Rules of Practice and Procedure.

OEB Staff.1 – Inclusion of Putnam to Culloden

Ref: 2021 Incentive Rate Adjustment Application, page 17
EB-2018-0336, Decision and Interim Rate Order, July 4, 2019, Schedule C, Appendix G
EB-2019-0276, Decision and Order on Motion, March 5, 2020, page 7-8

ENGLP stated "The Board approved in the Phase 2 Motion Decision the inclusion of the Putnam to Culloden project in rate base as of January 1, 2020. The 2020 revenue requirement for this project is being recorded in the 2016-2017 System Integrity Capital Deferral Account (the "SICDA"). To avoid the additional administration required to continue to track and dispose of the annual revenue requirement through this deferral account beyond 2020, EPCOR proposes to include the revenue requirement for the Putnam to Culloden project in the 2021 rates as part of this Application."

OEB staff notes that in the SICDA accounting order, there are four specific capital projects that can be placed into the deferral account. OEB staff understands that two of the four projects are already included in the rate base and ENGLP is requesting the remaining two be put into the rate base.

ENGLP has stated that the 2020 revenue requirement for the Putnam to Culloden is being recorded in SICDA.

OEB issued a Decision and Order on the Motion indicating that "The SICDA can record the 2020 revenue requirement impact of the Project [Putnam to Culloden] and the resulting balance can be disposed of in the annual rate adjustment." Furthermore, the decision also states, "EPCOR Natural Gas can file the balances in the SICDA in the next rate proceeding."

- a) Please provide the accounting order for SICDA.
- b) Please identify which projects are currently in SICDA and the recorded amounts for each project with interest calculated to December 31, 2020 broken out.
- c) Please confirm that ENGLP is not seeking to dispose of the 2020 balances relating to the Putnam and Culloden project? If so, please provide the rationale and indicate when does ENGLP plan to apply for the disposition of the 2020 revenue requirement related to the Putnam to Culloden project.
- d) It is OEB staff's understanding of the Decision and Order on the Motion that ENGLP is to record the revenue requirement impacts of the current year into SICDA and is to dispose of it in the

following year and upon rebasing, the remaining balance of the project can be requested to be placed into rate base. Please confirm if this is also ENGLP's understanding.

- e) Please elaborate on the administrative burden associated with tracking and disposing of balances in the SICDA until such time that the amount can be included in ratebase. Please identify any incremental costs that would be incurred.
- f) Please fill out the attached excel spreadsheet relating to Putnam to Culloden project.
- g) For the proposed 2021 delivery charge rate increases, please break down the bill impacts by each component (i.e. Price Cap Adjustment, Putnam to Culloden project and Springwater Pipeline project) for each rate class. See below for a similar table.

Rate Class	Change due to PCA (\$/year/ Customer)	Change due to Putnam to Culloden project (\$/year/ Customer)	Change due to Springwater Pipeline Project (\$/year/ Customer)	Total Change (\$/year/ Customer)
Rate 1- Residential				\$15.11
Rate 1- Commercial				\$29.33
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Rate 6- IGPC				\$11,756.14

OEB Staff.2 – Inclusion of Springwater Pipeline

Ref: 2021 Incentive Rate Adjustment Application, page 17
EB-2018-0336, Decision and Rate Order- Phase 2, October 24, 2019, page 13

In ENGLP Aylmer Decision and Rate Order, the OEB approved “the inclusion of Springwater Pipeline project in rate base for the rate year following the transition to a fully market based supply of gas”. ENGLP has proposed to stop purchasing locally produced gas at a premium on September 30, 2020.

- a) Please confirm ENGLP has stopped purchasing locally produced gas at a premium (\$8.486 per mcf).
- b) Please fill out the attached excel spreadsheet relating to Springwater Pipeline project.

OEB Staff.3- REDA

Ref: 2021 Incentive Rate Adjustment Application, page 20
Appendix D, Exhibit 9, page 2

ENGLP has proposed to dispose of the REDA balances as of December 31, 2019. There are a number of proceedings in the REDA. Staff notes that for the EB-2017-0108 proceeding (Over Lapping CPCN), the cost is \$80,959.

- a) Please provide the accounting order for REDA.

- b) Please provide the balances for REDA including interest to March 31, 2021.
- c) Please provide the total cost of EB-2017-0108, including any amounts that were disposed of in proceeding EB-2018-0336 .
 - a. Please provide a short description of the role of ENGLP in EB-2017-0108 including the expenses of Osler, Hoskin & Harcourt LLP.

OEB Staff.4- PGTVA

Ref: 2021 Incentive Rate Adjustment Application, page 6 and 20
Appendix D- Auditor's Report, Exhibit 9, page 1

ENGLP has proposed to dispose of the PGTVA balances as of December 31, 2019 including interest as of the same date. In the Auditor's Report for the PGTVA Rates 1-5, the monthly transportation cost for Enbridge demand was \$52,217 from January 2019 to October 2019, and \$55,857 from November 2019 onwards.

- a) Please provide the balances for PGTVA including interest to March 31, 2021.
- b) Please explain the monthly increase to \$55,857 from November 2019 onwards.
- c) Please explain the nature of the adjustments in December 2019 for the Lagasco contract and how each of these adjustments were calculated.

OEB Staff.5- ADVADA

Ref: 2021 Incentive Rate Adjustment Application, page 23

ENGLP has proposed to dispose of the ADVADA balances as of December 31, 2019 including all carrying charges as of the date.

- a) Please provide the balances for ADAVA including interest to March 31, 2021.
- b) Please provide the OEB approved amounts for disposition and the actual amounts refunded/recovered. What are the main drivers for the differences?

OEB Staff.6- GDP IPI

Ref: OEB letter, Re: 2021 Inflation Parameters, November 9, 2020

The OEB calculated the 2021 inflation factor for electricity distributors to be 2.2%. The OEB issued a letter providing all utilities the discretion of electing the calculated IPI level per the OEB-approved methodology (offset by the applicable stretch factor and other adjustments for some plans) or a lower value or forgo the inflationary increase entirely.

- a) Has ENGLP considered electing a lower inflation factor for its Aylmer operation?
 - I. If so, please provide an inflation factor that ENGLP is electing. Please update the model as required.